

15. Infrastructure

Senator James W. Wright

Equally important to continuing the progress that has been made in siting new generation is enhancement of the systems in place for delivering energy. A key element of the State Energy Plan's energy policy must be provision of incentives to the owners and operators of transmission and distribution systems to maintain and upgrade facilities. New generation will not be effective in responding to the State's energy needs if the systems necessary to delivery power to users are not safe and reliable. It has been fairly observed that the State's energy needs are as much a matter of distribution as generation. The bottleneck that prevents the transmission of electricity to the areas of highest demand warrants attention. So, too, do the deficiencies in the natural gas distribution system. We believe that clean, efficient natural gas is important for the economic vitality of rural areas like ours and will continue to look for means to extend service where needed.

Independent Power Producers of New York, Inc. (IPPNY)

The State must encourage development of the infrastructure necessary to support competitive markets. The State Energy Plan must encourage improvements in the bulk electric transmission system. Article VII of the Public Service Law, which governs transmission line siting, should be reviewed with an eye towards streamlining the process.

Independent Power Producers of New York, Inc. (IPPNY)

We are still unable to efficiently transport electricity from where it is generated to where it is needed.

Independent Power Producers of New York, Inc. (IPPNY)

The Draft State Energy Plan supports the extension of natural gas pipelines to meet growing demand but must also encourage improvements in the bulk electric transmission system. Article VII of the Public Service Law which governs transmission line siting should be reviewed with an eye towards streamlining the process much as Article X has for power plant siting. We are still unable to efficiently transport electricity from where it is generated to where it is needed. The Energy Plan should address this issue.

Niagara Mohawk Power Corporation

The Article VII process, by which major electric and gas transmission facilities are certified, would also benefit from some improvement. When new generating facilities

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are proposed, better coordination of the Article VII and Article X processes would be beneficial.

R.G.S. Energy Group/Rochester Gas & Electric Corporation

The financial stability of the transmission and distribution (T&D) companies is critical to the world class reliability we have come to expect and demand in New York. The statewide T&D system was constructed over many decades. This vast and complex system demands constant maintenance and reconstruction to meet the daily demands of a modern economy. Capital reinvestment is more critical than ever, but remnants of the old regulatory system strain company finances and keep energy prices high.

The State Energy Plan should identify hold-over statutory and regulatory policy that may impact the financial integrity of the T&D companies, increase the cost of energy, and detract from the ability of these companies to maintain and improve system reliability.

Response: The Energy Planning Board concurs that the infrastructure necessary to support competitive markets must be maintained and expanded where appropriate. The Energy Planning Board defines “infrastructure” to include existing, new, and upgraded central station and distributed power supply resources, existing, new, and upgraded transmission and distribution facilities, and existing, new, and improved demand reduction techniques and measures. Each of these resources is important in the development and expansion of competitive markets. In the long term, each of these must be self sustaining on its own merits based on the desires of consumers.

Similarly, the Energy Planning Board supports efforts to eliminate barriers to the introduction and expansion of energy resources that will be in the public interest. The State Energy Plan supports extension of Article X of the Public Service Law. The Energy Planning Board urges that the Legislature give consideration to any changes that would benefit the process and be in the public interest. With regard to Article VII of the Public Service Law, which addresses transmission line siting, The Energy Planning Board also concurs that streamlining should be considered if any changes would be beneficial and if the changes support coordination with the Article X process. No party, however, has indicated what, if any, specific changes are necessary. The Public Service Commission will certainly consider changes to the Article VII procedures if need should be demonstrated. Similarly, coordination of Article VII and Article X proceedings can be accomplished by the applicants if they submit their proposals in a timely manner and keep

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the parties and the Judges in both proceedings adequately informed of scheduling requirements.

Natural Resources Defense Council (NRDC)

On page 1-35, the draft State Energy Plan calls for efforts to improve the efficiency of energy generation; that's a step in the right direction. The Long Island Power Authority, in particular, should aggressively pursue power strategy (*i.e.*, repowering existing plants to make them more efficient) for all their plants.

Response: In general, the Long Island Power Authority does not own generation plants but purchases power, primarily from Key Span but also from other generators. Even so, as the energy market becomes more competitive, the natural action of market forces will likely impel all power generators to replace and upgrade inefficient units. In the State Energy Plan, the Energy Planning Board supports ongoing development of the emerging energy market.

Dani Glaser

Regarding the Draft State Energy Plan, I want to point out what I saw as one tremendous omission, which is the impact of construction [of infrastructure projects]. There was much discussion of the benefits of deregulation but at what price do these benefits come? To not have addressed the impact of construction of a project such as the Millennium pipeline, I feel is irresponsible. It will have a devastating effect on the Hudson River and on the New York City watershed. Millennium has totally underestimated the rock blasting that will occur and 50,000 trees will come down in the county. These are issue of construction that were not addressed. The omission of the concept of what construction will do with new plants, new projects, and new gas pipelines, is something that really needs to be looked into.

Response: Construction impacts occur whenever transmission and generation projects are built. The certification and permitting processes for such facilities, therefore, must (and do) consider such impacts in relation to other costs and the benefits of the projects. Procedures exist in those processes to address any significant omissions in the record that may be found. The Energy Planning Board urges parties to use the processes that have been established for review of specific projects. The State Energy Plan is designed to address long-range policies and is not the proper forum to consider the impacts of specific projects.

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Green Party

The Millennium pipeline should be stopped at Indian Point and not continued down to Mount Vernon. The continuation of the pipeline into Mount Vernon raises a lot of issues. It's a heavily populated area. There is a large environmental justice issue. The pipeline would impact many minorities and people of very low income.

I read the brief discussion of the Millennium pipeline in the draft State Energy Plan, it didn't cover my concerns at all.

Response: The State Energy Plan provides factual information describing pipeline projects but does not take a position on the issues pending in proceedings to consider applications to construct any individual pipeline. The Millennium pipeline is subject to the approval of the Federal Energy Regulatory Commission, and routing issues are being considered in that proceeding.

Marshah-Reaff Barrett

The infrastructure for natural gas must be expanded with the intention of phasing out coal as much as possible.

Response: The Energy Planning Board concurs that the natural gas infrastructure needs to be expanded. While additional use of natural gas will tend to offset less efficient facilities, including less efficient coal units, the Energy Planning Board supports the continued safe operation of existing generation facilities, to the extent they can continue to meet environmental and health and safety standards, as part of a diverse portfolio of electricity generation resources. The Energy Planning Board and the Energy Plan support advanced coal technologies where they contribute to the State's fuel diversity.

Mirant New York, Inc.

The Energy Planning Board should retain flexibility and reserve judgment, where appropriate, beyond submission of the State Energy Plan if necessary to consider the findings of the joint NYSERDA-NYISO gas and electricity study on the State's natural gas infrastructure and its interaction with the electric system infrastructure.

Building on the work being undertaken by the study, The Energy Planning Board should examine New York's energy related policies for their impacts on the ability of power producers to continue operating existing facilities fueled by sources other than natural gas, the ability of power producers to install new base load generation within the

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State that is not fueled by natural gas, and the ability of utilities to delivery energy from a variety of generation sources seamlessly throughout the region.

Response: The findings of the joint NYSERDA/NYISO gas and electric study, *The Interaction of the Gas and Electricity Systems in New York State*, are incorporated in the State Energy Plan. The full text of the study will be published in summer 2002.

Mirant New York, Inc.

The State Energy Plan should endorse and promote an environment that encourages the maintenance and expansion of transmission and distribution systems by:

- Including assurances of financial recovery and fair return on investment
- Facilitating short amortization periods
- Provide stable financial opportunities for market participants
- Offer streamlined approval for projects and avoid artificial financial constraints
- Recognize the importance of maintaining and enhancing the system relative to minimizing end user prices.

New York State Electric and Gas (NYSEG)

The State Energy Plan fails to detail the process and new policies by which it expects much needed New York State electric transmission system infrastructure improvements to be made. The Energy Plan needs to address and identify specific policies that will facilitate economic transmission investment.

Response: The Energy Planning Board supports the maintenance of the State's transmission and distribution systems and expansion of those systems when in the public interest. The New York Independent System Operator is currently working to address issues that might otherwise deter necessary and beneficial system expansions. Accordingly, The Energy Planning Board will await the outcome of that work before considering if the State should establish its own policies and processes.

Kenya Browning

Pipeline projects mentioned on pages 3-137 and 3-139 are refreshing to see. Natural gas should take over where fossil fuels leave off.

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Stop the Barge

An assessment of the grid should be a mandate of the Draft State Energy Plan. A revision of the grid should be implemented as part of the Energy Plan. When suitable, non-residential properties are identified for the placement of new power plants, an update of the changes needed for the grid can be determined. Most grid 247 KV lines run through once industrial neighborhoods. This must be changed.

Response: Technical assessments of the transmission grid are performed regularly by transmission owners, by the New York Independent System Operator, and by the Northeast Power Coordinating Council. The State supports the performance of such assessments, monitors the results, and also participates in the approval of any new major transmission lines, as required by Article VII of the Public Service Law.

New York Gas Group (NYGAS)

NYGAS encourages the Energy Planning Board to recommend the development of policies to ensure the timely licensing and approval of natural gas transmission infrastructure projects to support future increase in demand for natural gas in New York State. The State Energy Plan should reinforce the need for policies to encourage the capital investments that will be needed to support the demands placed on the State's energy delivery infrastructure over the next 20 years.

NYGAS believes the Energy Plan should address the concern of ensuring that pipelines fully add the capacity and swing capability necessary to serve much higher gas fired generation loads.

Response: The Federal Energy Regulatory Commission (FERC) is responsible for the licensing and approval of most natural gas transmission lines. State agencies have encouraged and will continue to encourage the FERC to approve needed pipeline projects in a timely manner. The State Energy Plan requests the New York Independent System Operator to consider the certainty and availability of primary and back-up fuel supplies in valuing capacity from electric generators or to consider the certainty and availability of primary and backup fuels in establishing local reliability rules. Policies adopted pursuant to this recommendation should encourage gas-fired generators to invest in pipeline capacity.

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New York Gas Group (NYGAS)

Another key issue regarding adequacy of supply and reliability of service is the Public Service Commission's desire to have local distribution companies exit the merchant function. NYGAS urges the State to reconsider this objective and ensure that it will not conflict with the need to preserve reliability of service.

Response: The Public Service Commission (PSC) is considering the future role of utilities in Case 00-M-0504, Proceeding on Motion of the Commission Regarding Provider of Last Resort Responsibilities, the Role of Utilities in Competitive Energy Markets, and Fostering the Development of Retail Competitive Opportunities. In its Policy Statement on the Future of the Natural Gas Industry, the Commission stated that no compromise in reliability would be permitted and that an exit of Local Distribution Companies (LDCs) from the merchant role would not be allowed until continued reliability is assured. The Commission also stated that reliability issues should be addressed through collaboration. The PSC staff has established a Natural Gas Collaborative and a Natural Gas Reliability Advisory Group to address reliability issues, on which NYGAS is well represented.

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